



# *U.S. Army Audit Agency*

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## **Followup Audit of Sensitive Items Accountability and Control**

**Abu Ghraib Warehouse, Iraq**

# Executive Summary

Audit Report A-2010-0087-ALL

12 April 2010



## Followup Audit of Sensitive Items Accountability and Control

Abu Ghraib Warehouse, Iraq



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### Results

At the request of the Deputy Chief of Staff, G-4, we conducted this followup audit to determine whether United States Forces - Iraq (USF-I) implemented recommendations in Audit Report: A-2009-0219-ALL, Sensitive Items Accountability and Control, Abu Ghraib Warehouse (AGW), Iraq, dated 21 September 2009 and if the recommendations corrected the problems identified during the initial audit. The recommendations were aimed at assisting the Commercial Logistics Distribution Agency (CLDA) within USF-I overcome challenges associated with accountability and control over sensitive items stored at AGW.

The initial audit showed that USF-I needed to improve how it monitored and documented contractor performance in accordance with the established Quality Assurance Surveillance Plans (QASPs) for contracts associated with the AGW mission. We found that government officials assigned to provide oversight to the contractors rarely visited the AGW site to observe the actions of Anham or Falcon Security personnel and produced only a fraction of the reports required to comply with the QASP outlined in the contracts. In addition, during the initial audit we found that USF-I planned to close AGW in May 2009 and return the site to the Government of Iraq. CLDA and USF-I were monitoring the closure process on a regular basis; however, not all AGW customers had full visibility or oversight of their sensitive items in the warehouse. As a result, some sensitive items hadn't been included in disposition plans; this situation could have delayed the closure of AGW.

During our followup audit, we found that, instead of closing as planned, the AGW site transitioned from CLDA to Multi-National Security Transition Command-Iraq (MNSTC-I) on 1 July 2009. We found evidence that CLDA implemented and documented the QASP for only 1 month between the end of our audit in February 2009 and the time the warehouse was handed over to MNSTC-I in July 2009. However, we also found that, in July 2009, MNSTC-I positioned a contracting officers representative onsite at AGW to monitor contractor performance. Upon review of the contracting files, it appeared that MNSTC-I was implementing the QASP and had done so since the command assumed responsibility of the AGW site.

We also found that USF-I allocated sensitive items stored at the warehouse to end users before the disbandment of CLDA. With the assistance of MNSTC-I, CLDA personnel located end users for all remaining sensitive items. A vast majority of the sensitive items were picked up by Government of Iraq personnel, and the remaining items were shipped directly to end users identified by MNSTC-I.

Because of USF-I's actions, government surveillance of AGW contractor performance had improved and the AGW site transitioned to MNSTC-I with no leftover sensitive items. The recommendations from the initial audit can be closed. This report contains no additional recommendations.

Neither U.S. Central Command nor USF-I provided comments to the report. The Office of the Deputy Chief of Staff, G-4 provided the official Army position and agreed with the conclusions in the report and the successful implementation of corrective actions to the previous recommendations.

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12 April 2010

Commander, United States Forces - Iraq

This is our report on the followup audit of the effectiveness of operations at the Abu Ghraib Warehouse, Iraq. We conducted the followup at the request of the Deputy Chief of Staff, G-4. We conducted this audit in accordance with generally accepted government auditing standards.

This report addresses whether recommendations were implemented as agreed to in U.S. Army Audit Agency Report A-2009-0219-ALL, Sensitive Items Accountability and Control, Abu Ghraib Warehouse, Iraq, dated 21 September 2009. The original audit report had two recommendations for improving the processes used to safeguard and account for weapons, ammunition, and other sensitive items stored at the warehouse. We found that both recommendations were adequately implemented and that the actions United States Forces - Iraq took fixed the problems previously identified. Because our results were positive, we made no new recommendations in this report.

The Army's official position on the conclusions are in Annex C. For additional information about this report, contact the Expeditionary Support Audits Division at 910-643-6204.

I appreciate the courtesies and cooperation extended to us during the audit.

FOR THE AUDITOR GENERAL:

A handwritten signature in black ink, reading "William E. Jenkins", is positioned above the printed name.

WILLIAM E. JENKINS  
Program Director  
Expeditionary Support Audits

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# INTRODUCTION

## WHAT WE AUDITED

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We reviewed actions taken by United States Forces – Iraq (USF-I) to implement the recommendations in Audit Report A-2009-0219-ALL, Sensitive Items Accountability and Control, dated 21 September 2009. The report had two recommendations to improve the processes for safeguarding sensitive items at the Abu Ghraib Warehouse (AGW), Iraq. We focused on whether command took actions to implement agreed-to recommendations and whether the corrective actions fixed the reported problems.

## BACKGROUND

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The initial audit to review accountability and control at AGW, Iraq was requested by USF-I and was performed between November 2008 through February 2009 under project A-2009-ALL-0109.000. The audit showed that processes and procedures were adequate to ensure proper accountability and controls over sensitive items at AGW. Specifically:

- Inventory management processes were adequate to account for sensitive items at the warehouse.
- Physical security procedures met security guidelines for sensitive items.
- Onsite government quality assurance representatives had adequate controls in place to ensure incoming shipments could be matched to existing contracts.
- Commercial Logistics Distribution Agency (CLDA) and USF-I had plans in place for closing the warehouse.

However, CLDA needed to improve how it monitored and documented contractor performance to ensure compliance with the established Quality Assurance Surveillance Plans (QASPs) for contracts associated with the AGW mission. We found that government officials assigned to provide oversight to the contractors rarely visited the AGW site to observe the actions of Anham or Falcon Security personnel and only produced a fraction of the reports required to comply with the QASP outlined in the contracts. This occurred because the contracting officers representative (COR) had other duties assigned that demanded immediate attention and made travel to the AGW site difficult. While no performance issues came to attention during the audit, without

frequent oversight and documented evidence, the government had less assurance the contractors performed according to the terms of the contracts.

In addition, we found that not all AGW customers had total visibility or oversight of all their sensitive items stored at the warehouse. Specifically, the U.S. Army Corps of Engineers Gulf Region Division (GRD) was unaware of 19 sensitive line items assigned to GRD in the MySap inventory system. These line items consisted of 5,692 pieces of equipment that included several AK-47s, Glock handguns, flare guns, and grenades. This condition occurred because, even though GRD personnel had MySap access, they weren't aware of all MySap storage codes for sensitive items that belonged to GRD. As a result, these sensitive items hadn't been included in GRD's disposition plans with Multi-National Security Transition Command – Iraq (MNSTC-I). Because each sensitive item belonging to GRD needed to be coordinated with MNSTC-I to identify a requirement and provide the correct disposition, these items could have taken additional time to distribute or dispose of, which could have delayed the closure of AGW.

To fix the problems we identified, we made two recommendations:

- Monitor the disposition of the remaining sensitive-items inventory to ensure items are shipped to the appropriate end user or disposed of through official military channels.
- Implement the QASP outlined in the Anham contract (W91GDW-07-D-4040) and Falcon Security contract (W91GDW-07-C-4040) until both contracts are terminated. Document the results of contractor surveillance and place the required documents within the official contract file.

# IMPLEMENTING THE RECOMMENDATIONS

## OBJECTIVE

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Did United States Forces – Iraq implement the recommendations from the prior report and, if so, did the corrective actions fix the problems?

## CONCLUSION

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Yes. USF-I took actions to improve contactor surveillance at AGW and to properly distribute sensitive items belonging to GRD that had been overlooked during our initial audit. Due to these actions, the recommendations can be closed.

Since July 2009, MNSTC-I had positioned a COR at the AGW site and personnel were regularly performing contractor surveillance inspections and were documenting the results in the contracting files.

USF-I properly allocated sensitive items identified in our previous audit. The sensitive items that were present during the initial effort were allocated to end users before the AGW mission being handed over to MNSTC-I. We cannot attest that the items were delivered to the proper end user, but we did verify that these items were no longer located at AGW.

Our detailed discussion of these results begins below. Because our results are positive, we aren't making any recommendations.

Neither U.S. Central Command nor USF-I provided comments. The Office of the Deputy Chief of Staff, G-4 provided the official Army position. The Office agreed with the conclusions in the report and the successful implementation of corrective actions to the previous recommendations. The verbatim official position is in Annex C.

## DISCUSSION

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In this section, we discuss one area: Implementing the recommendations.

## Implementing the Recommendations

USF-I took actions to improve contactor surveillance at AGW and to properly distribute sensitive items belonging to GRD that had been overlooked during our initial audit.

### **Recommendation 1**

We recommended that USF-I monitor the disposition of the remaining sensitive-items inventory at AGW to ensure items were shipped to the appropriate end user or disposed of through official military channels before the site closed. We recommended that MNF-I personnel pay particular attention to the:

- 22,608 distressed cargo items.
- 5,692 GRD items.

**Command Response.** USF-I agreed with our recommendation and on 16 March 2009 agreed to monitor the remaining sensitive-items inventory at the AGW.

**Results of Followup.** At the end of our initial audit effort, AGW had 213 lines of sensitive items on hand. The majority of the sensitive items belonged to MNSTC-I, with 151 sensitive item lines, consisting of 946,522 pieces of equipment. GRD had 30 sensitive line items remaining in inventory, consisting of 46,186 pieces of equipment.

Our followup audit showed that, in October 2009, AGW had only one line of sensitive items on hand. These items were delivered to AGW after CLDA handed the operation over to MNSTC-I and appeared to be legitimate sensitive items for the current mission. We verified that all sensitive items that were present during our initial effort were distributed to end users before the handover; a vast majority of the sensitive items were picked up by the Government of Iraq and the remaining items were shipped directly to end users identified by MNSTC-I.

While we cannot attest that the items were allocated to the correct end user, we did verify that no sensitive items from our previous audit remained at the warehouse as of October 2009. We obtained the sensitive item inventory list from October 2009 and compared it to the sensitive item inventory list we used from the MySap Inventory Management System during our original audit in February 2009. We found that none of the sensitive items on the list from February 2009 remained in the AGW inventory. In fact, the only sensitive item in the warehouse at the time for our site visit was ammunition that arrived after MNSTC-I took over the mission.



The actions taken by USF-I allowed the smooth transition of the AGW site from CLDA to MNSTC-I and resulted in the sensitive items being allocated to the end users in a timely manner. Therefore, the recommendation can be closed.

## **Recommendation 2**

We recommended USF-I implement the QASPs outlined in the Anham contract (W91GDW-07-D-4040) and Falcon Security contract (W91GDW-07-C-4040) until both contracts were terminated. Further, we recommended USF-I document the results of contractor surveillance and place the required documents within the official contract file.

**Command Comments.** USF-I concurred with the recommendation and on 16 March 2009 agreed to implement the QASPs for the contracts until the termination dates.

**Results of Followup.** We didn't find any evidence during our followup audit that CLDA had implemented or documented the QASP for the Anham and Falcon Security contracts for March, April, or June 2009. On 30 October 2009, we visited the AGW site and accessed the hardcopy contract files that the CLDA COR maintained. We reviewed the files and only found contractor surveillance reports for May 2009. There were no records in the contracting file indicating that personnel had performed or documented the QASP for the other months during the time CLDA controlled AGW. Because the CLDA individuals responsible for implementing the QASP for the contracts rotated from theater, we were unable to interview them to confirm these facts.

We found that, when MNSTC-I assumed control of AGW, a COR was appointed and positioned at the AGW site to monitor the Anham and Falcon contracts. During our AGW site visit, we reviewed the contracting file maintained by the MNSTC-I appointed COR and found that the COR appeared to be properly implementing the QASP. We found records of audits/inspections for July and August 2009 for both the Anham and Falcon Security contracts. In addition, at the time of our visit, the COR was preparing the reports for the audits/inspections that were conducted during September. These reports and audits/inspections were sufficient evidence that USF-I implemented the recommendation.

With frequent oversight and documented evidence, USF-I now has some assurance the contractors performed according to the terms of the contracts. The actions taken by USF-I are sufficient to fix the problem and the recommendation can be closed.

## A – GENERAL AUDIT INFORMATION

### SCOPE AND METHODOLOGY

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We conducted the audit from October through November 2009 under project A-2010-ALL-0106.000. We performed the audit at the Abu Ghraib Warehouse, the International Zone in Baghdad, and Camp Victory, Iraq.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our finding and conclusion based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our finding and conclusion based on our audit objective.

We didn't base our conclusions on data processed by automated systems. Consequently, we didn't need to assess the reliability of computer-processed data but rather based our conclusions on documents maintained by the contractor.

The audit covered transactions representative of operations current at the time of our audit.

To determine if USF-I implemented the recommendations we:

- Interviewed key personnel within USF-I, MNSTC-I, AGW, and Anham about inventory records and contract files.
- Reviewed inventory management documents for the period February to October 2009.
- Reviewed contract documentation for contract W91GDW-07-C-4040 (Falcon Security) and contract W91GDW-07-D-4040 (Anham) for the period March to October 2009.
- Performed a site visit to AGW to determine if sensitive items remained in the warehouse.
- Reviewed Quality Assurance Representative files for the period March to October 2009.

### RESPONSIBILITIES AND RESOURCES

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U.S. Central Command promotes cooperation among nations, responds to crises, and deters or defeats state and nonstate aggression, and supports development and, when necessary, reconstruction in order to establish the conditions for regional security, stability, and prosperity.

The Deputy Chief of Staff, G-4's mission is to enable a ready Army by providing and overseeing integrated logistics policies, programs, and plans in support of Army Force Generation.

USF-I is the U.S.-led military command in Iraq, managing strategic-level issues to include peace support, civil military operations, and strategic engagement operations with local Iraqis.

MNSTC-I develops professional Iraq security ministries and forces that are capable of maintaining internal security and defending against external threats; on order, transition designated missions, organizations, and functions to other U.S. Government agencies.

CJ 1/4/8 formulates strategic logistics policies, plans, and programs in support of USF-I full spectrum operations, coordinates coalition logistics, leverages national logistics providers, and jointly operates the logistics readiness center supporting military operations throughout the Iraqi Combined Joint Area of Operation. CJ 1/4/8 assists in support of the restoration of essential services, the Iraqi Security Forces, and GRD to enable rebuilding Iraq and achieving Joint Campaign Plan objectives.

CLDA was established in August 2008 to replace the logistics functions of the U.S. Army Corps of Engineers GRD. The mission of CLDA was to provide secure, expedient, and reliable commercial logistics alternatives to Joint, Coalition, and other government agencies. CLDA was a field operating agency that reported to the Director, CJ 1/4/8. The CLDA mission transferred to MNSTC-I in July 2009.

## ACKNOWLEDGMENTS

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These personnel contributed to the report: Theresa R. Wilson (Audit Manager); Amy D. Quinn (Auditor-In-Charge); Aaron P. Brown and Trevor A. Strickland (Auditors); and Faith Pruett (Editor).

## DISTRIBUTION

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We are sending copies of this report to the Deputy Chief of Staff, G-4.

We will also make copies available to others upon request.

## **B – ABBREVIATIONS USED IN THIS REPORT**

AGW	Abu Ghraib Warehouse
CLDA	Commercial Logistics Distribution Agency
COR	Contracting Officers Representative
GRD	Gulf Region Division
MNSTC-I	Multi-National Security Transition Command - Iraq
QASP	Quality Assurance Surveillance Plan
USF-I	United States Forces - Iraq

## C – OFFICIAL ARMY POSITION AND VERBATIM COMMENTS



DEPARTMENT OF THE ARMY  
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DALO-SUP

05 MAR 2010

MEMORANDUM THRU DEPUTY CHIEF OF STAFF, G-4, 500 ARMY PENTAGON,  
WASHINGTON, D.C. 20310

FOR U.S. ARMY AUDIT AGENCY, OFFICE OF THE PRINCIPAL DEPUTY AUDITOR  
GENERAL, 3101 PARK CENTER DRIVE, ALEXANDRIA, VA 22302

SUBJECT: U.S. Army Audit Agency (USAAA) Draft Report: Follow-up Audit of  
Sensitive Items Accountability and Control-Abu Ghraib Warehouse Iraq  
(A-2010-0XXX-ALL)

1. This is in response to USAAA's request for the Office of the Deputy Chief of Staff, G-4's (ODCS, G-4's) official position on the conclusion, recommendations, and command comments in the report.
2. The ODCS, G-4 concurs with the report final conclusions and acknowledges the successful implementation of corrective actions to previous recommendations.
3. Point of contact is LTC Joseph E. Ladner, IV, at (703) 692-9522, or e-mail: joseph-ladner@conus.army.mil, or CW5 Alexander L. Brown, at (703) 692-9485, or e-mail: alexander.brown@hqda.army.mil.

  
MICHAEL W. BROWN  
Director of Supply

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